



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



AUGUST 28, 2001

Rail Rates Troubling For ND Elevators. North Dakota grain elevators have garnered the support of Rep. Earl Pomeroy (D-ND), Agriculture Commissioner Roger Johnson, and Public Service Commissioner Tony Clark in criticizing new Burlington Northern Santa Fe (BNSF) railroad shipping rates (so-called "inverse rates"). The rates, having taken effect July 1, provide a discount for shippers in eastern North Dakota who are able to handle long shuttle trains, while smaller shippers and those in the western part of the state will pay more for shipping, according to the state officials.

"It seems to be an obvious attempt on the part of the railroad to funnel traffic to a select number of shippers in the state, and that's going to have detrimental effects on the country elevator industry, and especially on the farmers that depend on it to provide a local competitive market for their grain," stated Jon Mielke, executive secretary for the Public Service Commission (PSC). Rep. Pomeroy said only three shuttle loaders in eastern North Dakota will benefit, paying an average of 25 percent less than western North Dakota shippers to ship grain to the Pacific Northwest (PNW). Many western shippers are, however, roughly 300 miles closer to the PNW destination. Also, under the new rates, small North Dakota shippers will, in comparison to the three eastern shuttle loaders, pay almost 50 percent more to ship grain, according to Pomeroy.

Stevan Bobb, BNSF vice president of agricultural products, defends the new rates as part of an efficiency program which does not give discounts to larger shippers, but instead benefits elevators which ship the most efficient product. Bobb states, "I just don't see how providing better service at lower cost is to the detriment of rural America." He continues, "I can't see why what they're describing would be in our best interest, to haul grain for less to displace grain that we could haul for more." Bobb also states that savings realized by shuttle loaders will benefit farmers through lower freight rates.

PSC Commissioner Clark, however, claims that producers will be forced to go where they get the best price, which may mean trucking grain across the state, instead of to their local elevator. The rates "could really cause doom for the vast majority of these elevators," said Clark. Clark also disputes the BNSF claim that the rates are the result of market forces. He claims, instead, that it is the result of a monopoly choosing which elevators will and will not survive, simply based on the prices offered at different elevators.

About 95 percent of North Dakota grain destined for the west coast is transported by rail, while overall about 70 percent of the state's grain moves by rail, according to one official. (AP 8/27, USDA)

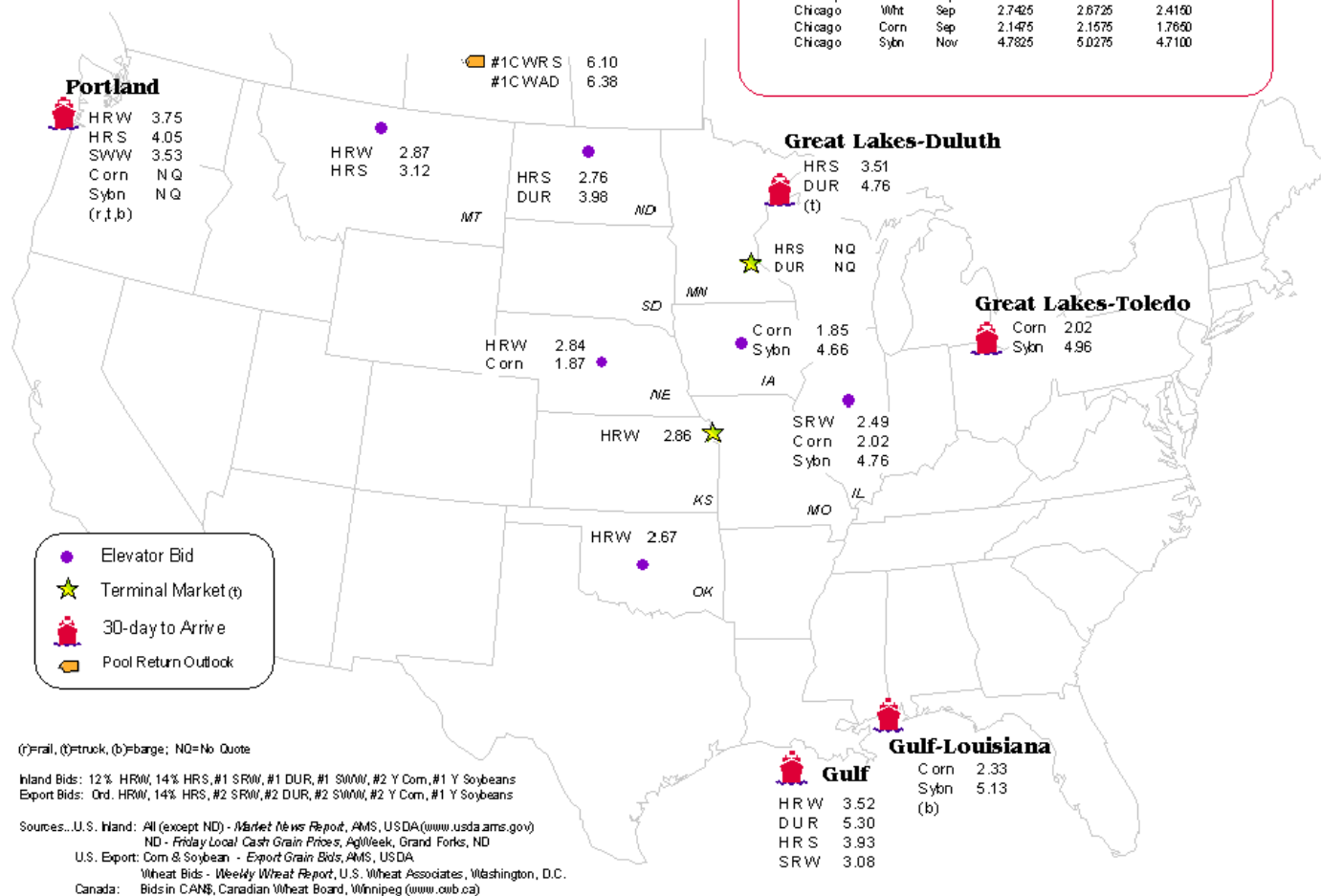
Congress Votes To Stop U.S. Access For Mexican Trucks. Earlier this year, a North American Free Trade Agreement (NAFTA) arbitration panel ruled in favor of border access for Mexican trucks beyond current restrictions located in commercial zones just north of the U.S. border in California, Arizona, New Mexico, and Texas. In effect, this would open the U.S. border to Mexican long-haul trucks. The rules necessary for implementation of this decision were due to take effect in January 2002. However, on August 1, the Senate approved by voice vote, a \$60.1 billion transportation spending bill that would require Mexican trucks to meet an array of inspection, insurance, and other safety standards before they could carry loads through the United States. In addition, Mexican trucks could cross the border only at facilities where inspectors were on duty. Moreover, stations could not be staffed by transferring inspectors from one inspection facility to another. Supporters of the restriction described them as essential to protecting American highways from unsafe Mexican trucks. In a similar move on June 26, the House of Representatives voted on an amendment, attached to the fiscal year 2002 transportation appropriations bill, preventing Mexican trucks from operating in the United States.

Recent reports indicate that the Mexican Senate's Commerce Commission sent a letter to Economy Minister Luis Ernesto Derbez urging the closing of Mexican borders to U.S. trucks. This is in order to encourage the U.S. to reconsider the decision on allowing Mexican trucks into the U.S., according to Mexico's National Trucking Chamber (Canacar) President, Manuel Gomez. In addition, Gomez vowed to eliminate the so-called disguised investments of U.S. businesses that, Gomez claims, are operating illegally in the Mexican transport industry. He states, "We will start with legal proceedings, and we are informing the entire country so that the nation's trucking companies let us know about companies they know of that have disguised investment."

(USDA-Marketing and Transportation Analysis, Jim DelCiello, Jim.delciello@usda.gov, 8/10/01, NewsEdge, www.individual.com/network/headlines 8/30/01)

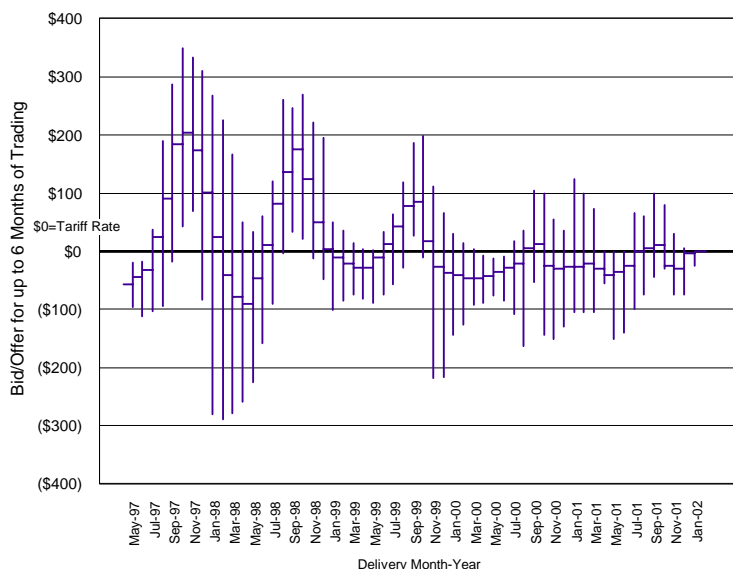
Coalition Pursues Legal Proceedings Over River Flow. The newly formed Coalition to Protect the Missouri River, composed of downstream agricultural and business interests, gave notice that it intends to sue the U.S. Fish and Wildlife Service, under the Endangered Species Act, over proposed changes to the flow of the Missouri River. The group claims that there should be another option which would maintain the river flow, while still working to restore the endangered pallid sturgeon and two native birds, the piping plover and least tern. The U.S. Fish and Wildlife Service is recommending a spring rise and late summer fall in the river's flow. Downstream states depend on the river being at an adequate level for shipping and are also concerned that the changes may flood farmland. (AP 8/20/01)

Grain Bid Summary

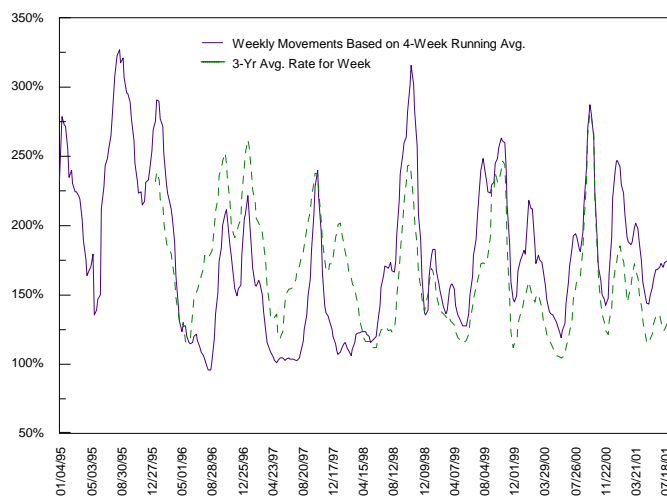


Spot Barge Rate - Illinois River

Secondary Rail Market Bids



Index - Percent of Tariff Rate



Rail Car 'Auction' Offerings

Delivery for:	Oct-01		Dec-01	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	11,689	73%	14,109	65%
UP-GCAS	5,400	18%	5,400	0%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Sep-01	Oct-01	Nov-01	Dec-01
BNSF-GF	\$109	\$78	\$20	\$9
UP-Pool	n.a.	\$36	\$8	\$(21)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;
GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Oct-01	Nov-01	Dec-01
COT/N. Grain	sold out	\$2	no bid
COT/S. Grain	\$2	\$1	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	\$4	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

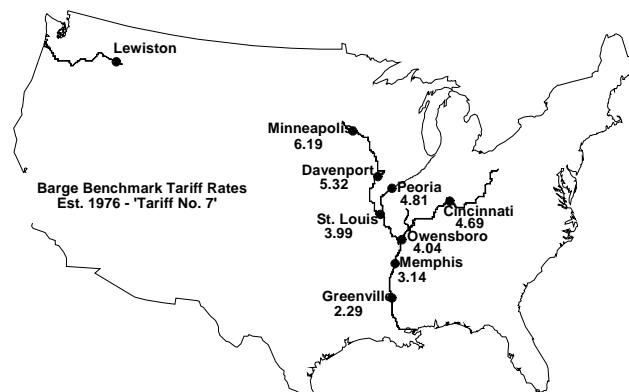
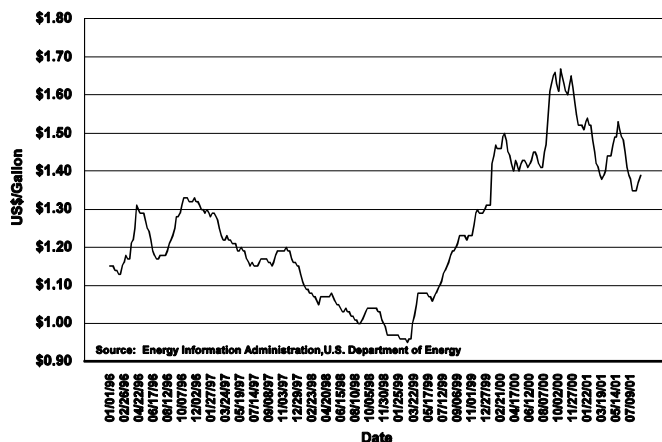
Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
08/28/01	St. Louis	Sept	197	205
		Nov	160	155
		Jan	135	140
		Mar	139	140
		May	136	0
	Illinois River	Sept	225	220
		Nov	190	175
		Jan	0	195
		Mar	0	175
		May	0	0

Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	8/22/01	8/15/01	Sept '01	Nov '01
Twin Cities	226	230	248	243
Mid-Mississippi	196	206	233	191
Illinois River	178	187	225	179
St. Louis	168	168	196	158
Lower Ohio	174	173	231	168
Cairo-Memphis	162	162	194	152

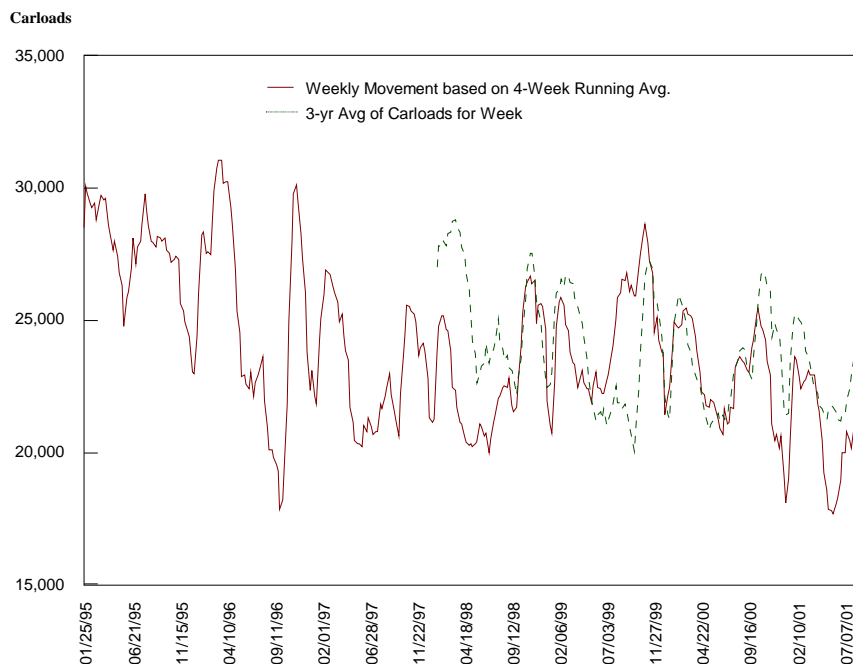
Source: Transportation & Marketing /AMS/USDA
nq=no quote;

Weekly Retail Diesel (Road) Prices (Including Taxes)

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
8/4/01	21,802
08/11/01	20,573
08/18/01	19,745
Year to Date - 2001	689,046
Year to Date - 2000	764,804
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
08/18/01	0	2,521	0	2,670	7,783	626	6,145	4,076	5,070
This Week Last Year	0	2,290	2,332	2,625	9,078	537	7,220	2,353	3,787
2001 YTD	0	98,372	0	101,419	257,094	15,421	216,740	161,292	146,412
2000 YTD	0	91,001	59,656	96,147	258,266	18,040	241,694	88,287	150,196
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

August 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
08/06/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
08/06/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
08/06/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
08/06/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
08/06/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
08/06/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
08/06/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
08/06/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
08/06/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,730	\$30.09	\$0.82
08/06/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

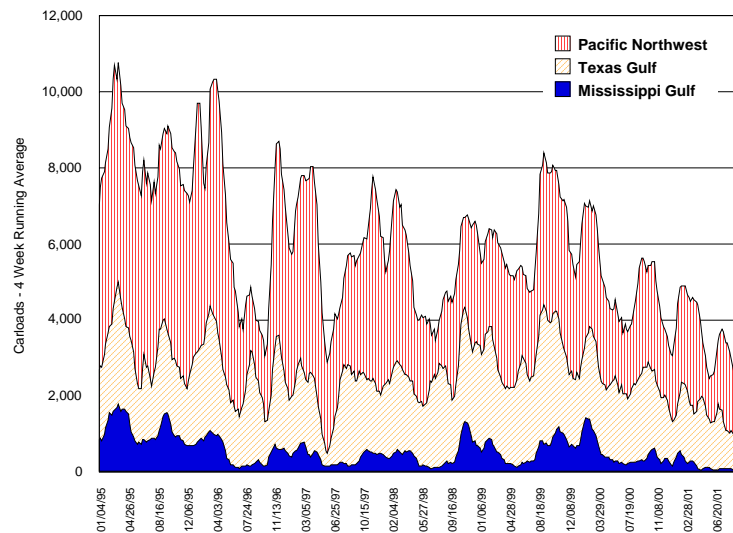
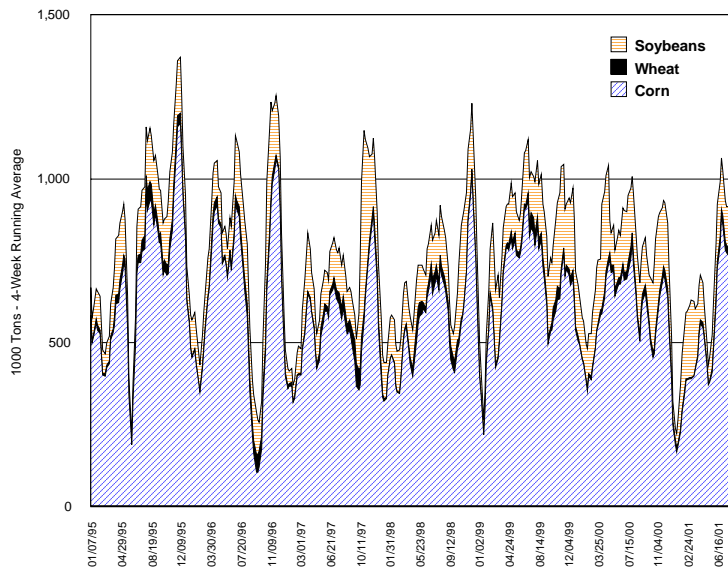
Rail Deliveries to Port**Carloads**

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
07/18/01	101*	956	2,460	470
07/25/01	7*	998	2,703	54
08/01/01	104*	1,097	1,774	463
08/08/01	98*	967*	2,361	459
08/15/01	102*	658*	1,712	438
08/22/01	0*	1,284*	1,808	310
YTD 2001	5,817*	49,060	71,431	17,079
YTD 2000	19,333	69,079	85,826	8,257
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA

(*) Incomplete Data

(**) Revised Data

Rail Deliveries to Port**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 8/18/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	346	2	14	361
Winfield, MO (L25)	665	14	67	746
Alton, IL (L26)	733	17	79	831
Granite City, IL (L27)	690	20	90	803
Illinois River (L8)	155	2	11	168
Ohio (L52)	53	19	7	93
Arkansas (L1)	0	29	0	29
2001 YTD	19,921	1,580	5,722	28,458
2000 YTD	21,213	1,561	6,014	29,918
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

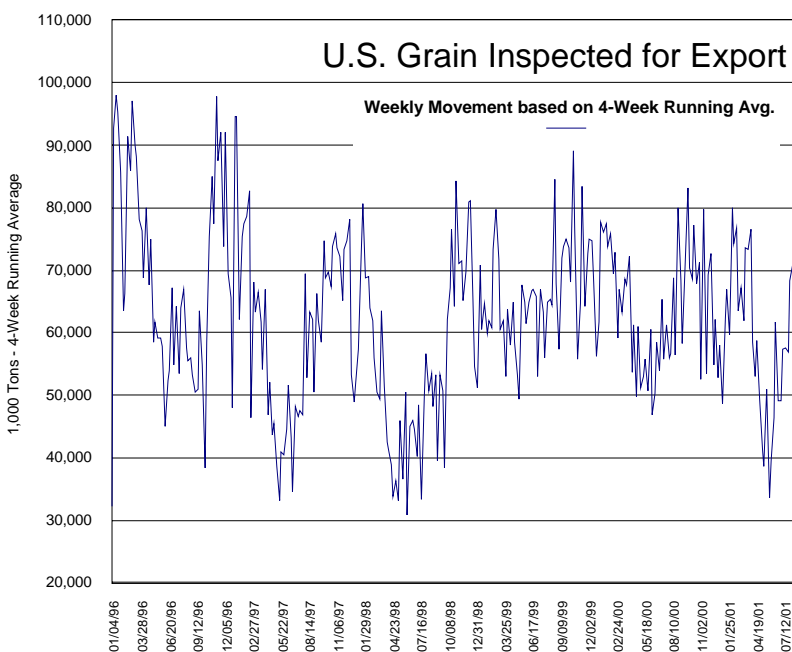
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
08/16/01	1,288	918	1,050	432	338	4,026	8,359	4,741	17,126
This Week Year Ago	1,440	694	992	949	299	4,375	9,164	4,157	17,696
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	1,594	1,007	959	626	255	4,441	44,956	26,905	76,302
99/00 YTD	2,120	1,099	1,096	882	273	5,469	46,181	17,713	69,363
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

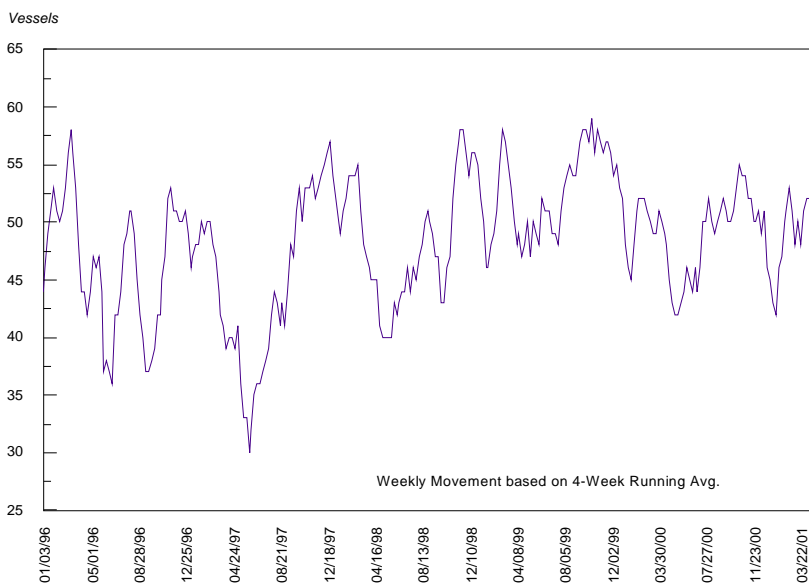
Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
08/16/01	189	161	15	134	947	173	211	1	7
2001 YTD	5,955	3,421	1,329	3,639	21,534	9,332	3,502	182	918
2000 YTD	5,884	4,060	778	4,080	21,715	10,564	4,218	221	828
% of Last Year	60%	57%	78%	54%	61%	52%	51%	39%	91%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 8/9/01			
Vancouver	6,300	521	1,266
Prince Rupert	2,053		2
Prairie Direct	1,308	377	518
Thunder Bay	726	235	127
St. Lawrence	2,540	2,295	25
2000 YTD Exports	12,927	3,428	1,938
1999 YTD Exports	14,569	3,537	1,756
% of Last Year	89%	97%	110%



**Gulf Region
Vessels Loaded
- Past 7 Days-**

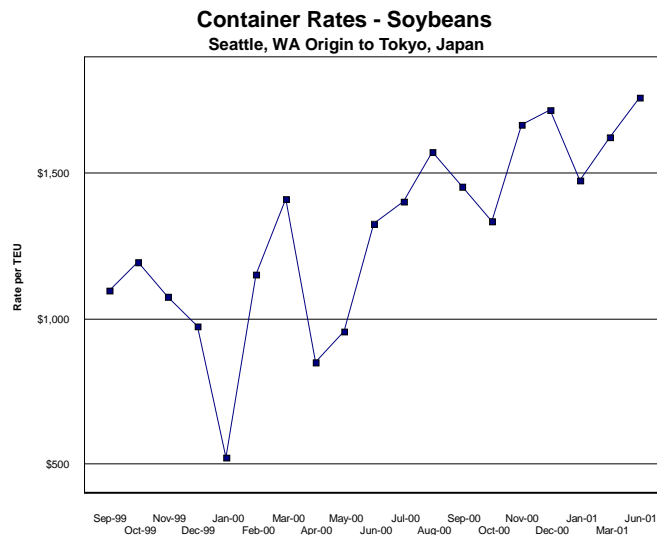
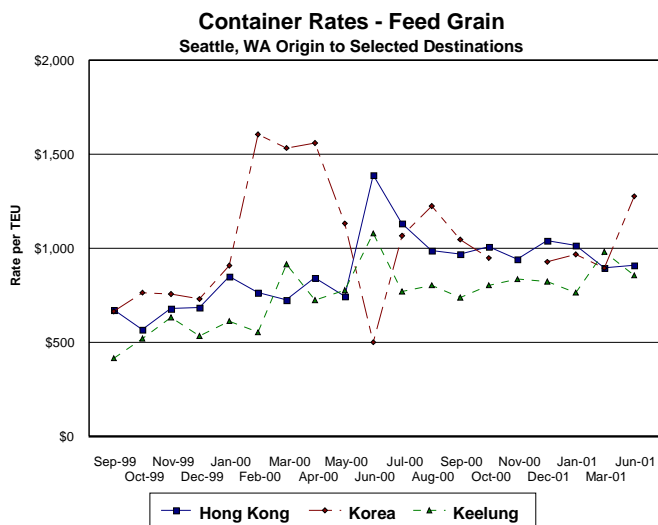
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
08/09/01	39	48	69	9			39	48	69
08/16/01	35	52	56	9			35	52	56
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

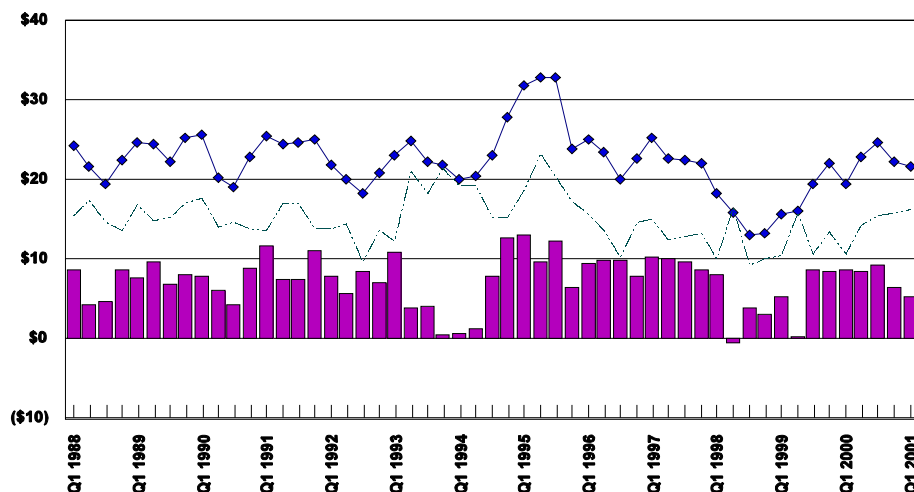
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

◆ Rate - Gulf to Japan
 --- Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
 Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 2 nd Qtr	2000 2 nd Qtr	% Change		2001 2 nd Qtr	2000 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.31	\$22.84	-2%	Japan	\$13.50	\$14.37	-6%
Mexico	\$17.84	\$16.58	8%	Red Sea/ Arabian Sea		\$33.46	
Venezuela	\$14.76	\$11.34	30%				
N. Europe	\$16.93	\$15.50	9%	Argentina to			
N. Africa	\$19.52	\$20.91	-6%	N. Europe	\$19.68	\$18.96	4%
				Japan	\$26.62	\$26.57	-

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 8/25/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Nigeria	Wheat	Aug 27/Sep 3	25,000	\$16.50
Gulf	Taiwan	Heavy Grain	Sep 10/19	56,000	\$18.00
Gulf	Japan	Heavy Grain	Sep 16/30	54,000	\$18.50
PNW	N. Korea	Wheat	Aug 25/Sep 5	25,000	\$66.00
South Africa	Japan	Corn	Aug 27/Sep 4	33,000	\$17.50

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option